



TOWN OF BERWYN HEIGHTS

Prince George's County, Maryland

Incorporated in 1896 ~ Sixth Oldest Municipality in PG County

WORKSESSION MINUTES MARCH 3, 2014

The meeting was called to order at 7:02 p.m. Present were Mayor Cheye Calvo and Councilmembers (CM) Rose Almoguera, Patricia Dennison and Jodie Kulpa-Mayor Pro Tem (MPT) James Wilkinson had an excused absence. CM Almoguera arrived 20 minutes late for family reasons. Also present were Town Administrator Edward Murphy and Clerk Kerstin Harper.

1. MAYOR

Announcements: Mayor Calvo gave an update on snow clearing operations. The Public Works Department has plowed all streets following the Sunday/Monday storm, going curb to curb where possible. They are running low on road salt and will only be able to treat priority streets tomorrow morning. Residents should expect icy conditions. Trash will be picked up town wide tomorrow. CM Dennison's children Sarah and Christopher will celebrate their 24th birthday on March 4.

Calendar: No changes were made.

Minutes: On a motion by CM Dennison and second by CM Kulpa-Eddy, the February 18 worksession minutes were approved 3 to 0.

Department Reports: Mayor Calvo reported that the Town received the first disbursement of \$42,000 from Greenbelt Station developers. The first set of building permits has been filed. A portion of the \$1 million in Greenbelt Station impact compensation funds will likely be used for building sidewalks. Mayor Calvo reported that the Director of the Department of Environmental Resources (DER) Adam Ortiz has called him about a planned animal shelter for Route 1 communities, which was discussed at a previous Four Cities meeting. Director Ortiz has applied for a grant from Prince George's County to study the feasibility of building a 2nd shelter but has been told that the County will not fund the entire request. It was suggested that communities served by the shelter contribute to fund the study. Mayor Calvo thought this is a reasonable request. He would be inclined for Berwyn Heights to contribute up to \$10,000. Last Friday, Mayor Calvo visited Berwyn Heights Elementary School fourth graders to kick off this year's "If I Were Mayor" contest.

CM Almoguera reported that Playgroup's regular meetings take place on Mondays at 10:30 am in the Town Center. When the weather gets warmer more play dates will be added outside. Interested parents can join the Playgroup's Facebook page at PGCountyConsignment to find out about impromptu play dates. Moderator of the Facebook page, Jamie Samson, has agreed to be the future Playgroup coordinator. CM Dennison announced upcoming events.

Mayor Calvo added that the response to the opening of the community garden was terrific. Since applications for plots became available on March 1, 13 forms have been turned in. There are only a few plots left, which will be awarded on a first come first serve basis. Further, he had another conversation with James H. President of the Berwyn Heights Volunteer Fire Department (BHVFD), who updated him on BHVFD finances and long term plans.

Citizen comments: CM Kulpa-Eddy received another comment about an overfilled dumpster that belongs to the new Domino's Pizza. The restaurant has been walled off and not to let their trash spill out of the dumpster and is now subject to a fine if there is another violation. The difficulty is in catching a violation in progress before the dumpsters are emptied. TA Murphy said that another pizza restaurant, Little Caesars, is opening at 5815 Greenbelt Road, next to the new 7 Eleven.

Mayor Calvo received a comment about whether a formal process could be instituted for announcing storm-related changes in the trash schedule. Mayor Calvo thought this would be difficult because the changes in trash schedule depend on the timing of the storm. CM Dennison had an addendum to her department report regarding proposed federal legislation to eliminate the historic preservation tax credits.

Town Administrator proposed budget: TA Murphy presented the proposed FY 2015 budget. He said that the revenue picture is concerning. Overall revenue is almost flat, largely because the Town's principal revenue source, real property taxes, showed only a negligible increase of \$6,700. This reflects the lower property values since the December 2013 triennial reassessment. The exception are income tax receipts, which continued to rise. This year, they are likely to come in \$3 over budget at \$375,000, and are budgeted at \$380,000 for FY 2015. Highway User Revenues (HUR) are also projected for a modest \$5,000 increase. Based on the governor's budget, \$64,000 in receipts is projected for FY 2015; and there may be an additional \$28,000 in traditional HUR transfers. Police aid is expected to increase slightly to \$51,000, as are police fines and forfeitures, interest and dividend income and Verizon cable fees and PEG grant.

TA Murphy continued that the lack of overall revenue growth makes it impossible to fund the Council's priority to restore the 8th police officer, add an 8th full Public Works employee and pay for the roll-up costs of last year's Cost of Living Adjustments (COLAs) and merit pay. Therefore, his budget proposes to raise the property tax rate from 48.6 to 50 cents per \$100 of assessed personal property value, which would raise an additional \$36,700. The corresponding personal property tax rate would be increased from \$1.215 to \$1.25 per \$100 of assessed personal property value, which would generate an additional \$7,000. The 3 cents road repair tax rate of \$100 of assessed real property value will remain in place unchanged. It will generate \$90,000 in revenue, all of which will go into the infrastructure reserve. In addition, it is proposed to take \$50,000 from the surplus to balance the budget.

On the expenditure side of the budget, almost all increases are in the non-departmental (miscellaneous) portion of the budget, apart from the salary lines in departmental budgets. He has budgeted a \$9,000 increase in the health insurance budget, which includes a cushion to account for the unknown dynamics of implementing the Affordable Care Act (ACA). While the Town will keep its current health insurance managed care plan from Care First Blue Cross/Blue Shield, there is a major difference in how the premiums will be calculated. Whereas before premiums were based on the average age of the Town's insured employees, they will now be based on the age of each employee and his or her dependents. Employees will now have to pay their premiums based on their family status (individual, parent, child, husband & wife, or family) and the age of each family member. For example, an individual plan for a 64 year old will be much more expensive than an individual plan of 35 year old. The price of insurance has been individualized and generally results in much higher premiums for older employees over 54 years of age.

The Town's dental insurance plan went up by 3 1/2%, 2 1/2 % of which are due to ACA. Vision and life insurance are also increasing. The Maryland State Pension contribution rate has declined slightly from 10% to 9.73%, but the contributions are based on a higher salary base. Therefore this appropriation is slated to go from \$5,700 to \$98,100. There were no increases in the workers compensation, general liability and unemployment insurance rates. TA Murphy further noted that the Health Reimbursement Account (HRA) was increased from \$20,000 to \$37,500. The increase was made necessary by the higher deductibles for the Town's health insurance plan required under the ACA. However, to date the utilization of the fund by employees has been very moderate. He does not expect that the HRA funds will be used up.

In the Public Works budget, TA Murphy said he did not fund the requested 8th full time employee. But there is money for an administrative assistant at 20 hours/week and extra money for the leaf season when more manpower is needed. In the police budget, he funded Chief Antolik's request for new firearms, a promotion to corporal, and a 30 cent increase in the shift differential. The corporal and shift differential were paid by reducing the overtime appropriation. In the Code Department, the salary range for a proposed code supervisor was reduced. The hours of the part-time officer have been increased to 20 hours/week and those of the part-time clerk to 12 hours/week to administer the rental licensing program. Rental homes in Town number 210 at the moment. In the Parks & Recreation Department, \$50,000 shifted into the equipment line item to pay for improvements to the merry-go-round fall zone. The Cable TV expense budget is \$4,100 or 1/3 of the Town's PEG share. Verizon's share of the cable market has continued to climb resulting in an approximately \$5,000 increase in franchise fees revenues.

The Capital Projects budget has \$35,000 for a new police car. Money is also set aside in the Town's reserves: \$155,000 in the infrastructure reserve, funded from the Town's 3 cents road tax, and \$66,900 in the vehicle replacement reserve. TA Murphy recommended purchasing a new small dump truck to replace one of the older Public Works vehicles that have been fully depreciated. Overall the reserves are in good shape and give the Council the opportunity to make some significant investments.

capital investments.

Mayor Calvo summarized the headlines for the FY 2015 budget, noting that the main revenue driver is the income tax. On the expenditure side, the big cost driver is the salary roll up cost resulting from this year's COLA and merit increases. In the Police Department, a full-time 8th police officer and a promotion to corporal expenses; in the Public Works Department it is the creation of a full-time director position and the addition of a part-time clerk; in the Administration Department an increase in the part-time clerk hours from 28 to 32 hours/week; and in the Code Department it is the increase in the hours of the part-time code officer and clerk, while also providing for lower-paid, full-time code supervisor position.

At 8:10 p.m., the Council took a 10 minute break.

Mayor Calvo invited comments on the proposed budget from the other councilmembers. CM Almoguera sought confirmation on transfers from surplus. TA Murphy said \$40,000 was budgeted to be transferred from surplus last year, and \$50,000 this year. CM Kulpa-Eddy wondered why the income taxes have gone up so much asked if it includes a lot of back taxes. TA Murphy said he believes it is mostly new revenue. But he can't be sure because the State's Comptroller no longer provides an explanation of the composition of income tax disbursements. The increase in this revenue is probably due to a shift in demographics with the numbers of young working people going up and those of retirees going down. The Town also experienced a decline in vacant homes. Mayor Calvo added that he thinks higher income taxes are also generated by a larger portion of young professionals and graduate students renting in Town as opposed to undergraduates, which is reflected in the increase in car registrations.

CM Kulpa-Eddy posed several questions. She asked if there are other jurisdictions in the State or Prince George's County whose real property tax assessments started to go up. TA Murphy said he does not have this information but will try to find out. Further, he does not believe that too much tax money from Berwyn Heights is going to College Park because of the shared zip code. The State seems to have a fairly accurate list of Berwyn Heights addresses. Revenues from police appear to be going up after the Council raised ticket prices but final numbers will not be at hand until the end of this fiscal year. CM Dennison asked what the rating of the Town's health insurance plan means. TA Murphy said it is rating assigned by the insurer and is based on the level of benefits and amount of deductions prescribed by the plan.

Mayor Calvo commented on the one-page summary of the budget. He asked that a column for FY 2014 estimates be added and discussed the reasons for the swing in total revenues since FY 2010 as well as the surplus portion of the budget. After reviewing the various reserve positions, and likely expenditures, he concluded that the available surplus will end up being closer to \$650,000 than the \$588,000 projected. He said this budget is in good shape with regard to one time expenditures, but the operating budget is tight. The proposed 1.4 cents increase in the real property tax rate will pay for the 8th police officer, COLA and merit pay roll up costs and salary related expenses. Without the tax increase serious cuts of between \$30,000 - \$40,000 will have to be made.

CM Almoguera said that the operating budget feels very tight given that taxes are being raised to pay for what is an essentially flat budget. She would consider raising the property tax more than is proposed to pay for all the improvements that make the Town an attractive place to live. While there is enough money in the reserves to make the capital investments, staff hours are ultimately needed to plan and execute the improvements. She is also worried that the changes in the health insurance market will cost the Town more than it budgeted for in that area. TA Murphy said he is more worried about the lack of growth in revenues. But that comes out of the same thing. On the other hand, the Council is to be congratulated for having set aside money in the reserves over the last decade to purchase needed equipment and make needed repairs to infrastructure and facilities.

Mayor Calvo said that TA Murphy has pretty much flat-lined expenditures, but left around \$4,000 for the Council to appropriate where it deems necessary. At the worksession, the Council will go through the budget line by line and can make those changes.

Science & Technology District letter of support: TA Murphy said that the County Council has introduced legislation to establish a science and technology district to provide incentives to businesses with a science and technology focus to locate in the County. The legislation lists the communities to be included in the district: Berwyn Heights, although it is technically included under the 20740 zip code. TA Murphy asked that Berwyn Heights be named in the legislation because of its standing plans to develop its industrial area. He was told that the Town should send a letter of support requesting that Berwyn Heights be listed by name. CM Derom so moved. CM Kulpa-Eddy seconded. CM Kulpa-Eddy asked whether a provision establishing a tax credit for such businesses would affect Berwyn Heights taxes. Mayor Calvo said it would not. The motion passed 4 to 0.

2. ADMINISTRATION

Comcast franchise agreement extension: TA Murphy explained that Comcast's franchise agreement with Prince George's County and most of its municipalities is expiring this spring. Negotiations between Prince George's County and Comcast to renew the agreement are underway but are not likely to conclude until fall 2015 at the earliest. For the interim, the I-Net negotiating team is recommending that municipalities extend the existing agreements before they expire. Comcast has requested to provide an ordinance template for extending the agreements but has not yet done so. TA Murphy recommended that the Council adopt an emergency ordinance if the template is received by the March Town meeting.

Mayor Calvo said he is less concerned about a formal extension of the agreement if Comcast continues to pay its fees. If the fees are not paid, Comcast forfeits its right to use the Town right-of-way to deliver its service. Clerk Harper said there is no indication that Comcast would not pay the franchise fees but has not been responsive in the negotiations. Mayor Calvo and the other Councilmembers said they have no objections to passing an emergency ordinance.

3. CODE COMPLIANCE

Emergency generator update: TA Murphy said that he went to the Prince George's County Department of Permits, Inspections and Enforcement (DPIE) last week to talk to them about the permits for the emergency generators the Town plans to install. The building permits are being processed but he was told to come back next week for a review of the electrical plans. Once that review has occurred he can go out to bid for electricians. Also, Pepco has not yet provided a cost estimate for shutting down the electricity when the generators are being installed.

Mayor Calvo asked if TA Murphy has any news on the stormwater management permit required as part of the sidewalks project. The Town needs to find out if it has the authority to adjust the quantitative requirements in exchange for building the stormwater mitigation system in a more environmentally sensitive area. TA Murphy said that he plans to follow up on this tonight.

The meeting was adjourned at 10:22 p.m.

Signed: Kerstin Harper, Town Clerk

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